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UNCLAS BRASILIA 002938

SIPDIS

SENSITIVE

NSC FOR MIKE DEMPSEY
DEPT OF TREASURY FOR OFAC

E.O. 12958: N/A
TAGS: ETTC PREL BR
SUBJECT: CUBA: SUSPENSION OF TITLE III OF THE LIBERTAD ACT

REF: SECSTATE 248337

¶1. (SBU) THE TEXT BELOW IS BEING SENT IN RESPONSE TO REFTEL
TASKING.

¶2. (SBU) BRAZIL ENJOYS CLOSE RELATIONS WITH CUBA AND IS
RELUCTANT TO CRITICIZE PUBLICLY THE HUMAN RIGHTS POLICIES
OF THE CASTRO REGIME, ALTHOUGH BEHIND THE SCENES THE
BRAZILIAN GOVERNMENT IS OFTEN CRITICAL OF BOTH CUBA'S LACK
OF DEMOCRATIC PROCESS AND HUMAN RIGHTS VIOLATIONS. SENIOR
LEADERS IN THE LULA ADMINISTRATION AND THE PT (I.E., THE
PRESIDENT'S PARTY) HAVE PERSONAL TIES TO CUBA DATING BACK
TO MILITARY RULE IN BRAZIL. DURING THAT PERIOD, MANY HAD
SOUGHT REFUGE IN CUBA, AND TODAY THOSE SAME INDIVIDUALS ARE
SENSITIVE NOT TO BITE THE HAND THAT SHELTERED THEM. BRAZIL
CONSISTENTLY ABSTAINS ON UN RESOLUTIONS CRITICAL OF CUBA'S
POLICIES. BRAZILIAN NGOS AND PARTICULARLY BRAZILIAN
JOURNALISTS TEND TO BE LESS RETICENT THAN THE BRAZILIAN
GOVERNMENT IN CRITICIZING CASTRO AND CUBA'S OVERALL
TREATMENT OF OPPONENTS TO THE REGIME. IN EARLY 2004, THE
BRAZILIAN PRESS ATTACKED THE GOB'S FAILURE TO CRITICIZE THE
HARSH SENTENCING DEALT OUT TO CUBAN HUMAN RIGHTS ACTIVISTS;
AT THAT TIME, THE BRAZILIAN SENATE PASSED A PUBLIC
RESOLUTION CRITICAL OF THE CUBAN GOVERNMENT'S CRACKDOWN ON
THE DISSIDENTS.

¶3. (SBU) IN RECENT YEARS, BILATERAL TRADE BETWEEN CUBA AND
BRAZIL HAS FLUCTUATED AROUND THE USD 100 MILLION LEVEL.
BRAZIL'S PRINCIPAL EXPORT ITEMS TO CUBA ARE CHICKEN, SHOES,
AND AGRICULTURAL MACHINERY. BRAZIL'S ANNUAL PURCHASES FROM
CUBA HAVE HOVERED IN THE USD 10 MILLION RANGE, AND
PRINCIPALLY CONSIST OF DRUGS AND VACCINES. ACCORDING TO
PRESS SOURCES, A BRAZILIAN COMPANY "BUSSCAR" BASED IN SANTA
CATARINA STATE IS ENGAGED IN A JOINT VENTURE IN CUBA WITH
UNECAMOTO (THE CUBAN AUTOMOTIVE INDUSTRY), CO-PRODUCING
BUSES FOR SALES IN CUBA AND CENTRAL AMERICA. ANOTHER
ACTIVE JOINT VENTURE IS BRASCUBA, A TOBACCO PRODUCTION
INITIATIVE OWNED BY THE CUBA TOBACCO UNION (UNION DE
EMPRESAS DEL TABACO DE CUBA) AND SOUZA CRUZ DE BRASIL (A
BRAZILIAN SUBSIDIARY OF THE BRITISH AMERICAN TOBACCO
COMPANY.) IN ADDITION, CIMEX, S.A. (THE CUBAN GOVERNMENT'S
IMPORT/EXPORT ARM) HAS, ALONG WITH SEVERAL BRAZILIAN FIRMS,
FORMED A JOINT VENTURE - BRACIMEX - DESIGNED TO STIMULATE
BILATERAL TRADE. FINALLY, THE BRAZILIAN STATE PETROLEUM
COMPANY (PETROBRAS) HAS CONDUCTED OFF-AND-ON OIL
EXPLORATION IN CUBA, AND IN JULY 2004 OPENED, INCONJUNCTION
WITH CUPET (THE CUBAN PETROLEUM AGENCY) A LUBRICATING OIL
PLAN IN CUBA.

¶4. (SBU) IN APRIL 2003, CUBAN FOREIGN TRADE MINISTER RAUL
DE LA NUEZ AND GOB MINISTER OF DEVELOPMENT INDUSTRY, AND
COMMERCE LUIZ FURLAN OPENED EXPOCUBA, A BILATERAL TRADE
FAIR IN SAO PAULO. IN SEPTEMBER OF THE SAME YEAR,
PRESIDENT LULA AND CASTRO PRESIDED OVER THE CLOSING OF A
TRADE AND INVESTMENT SEMINAR IN HAVANA.

¶5. (SBU) BRAZIL'S NATIONAL DEVELOPMENT BANK (BNDES) HAS
PROVIDED FINANCING FOR BRAZILIAN COMPANIES EXPORTING TO
CUBA. ALTHOUGH PERIODICALLY THE PRESS TRUMPETS CUBA'S LINE
OF CREDIT AS USD 200 TO 400 MILLION, IT APPEARS THAT MUCH
OF THE FINANCING AVAILABLE GOES UNUSED.

CHICOLA